

**Southeastern
Power
Administration**

Department of Energy
FY 1998 Budget Request to Congress
(discretionary dollars in thousands)

	FY 1996 Current Appropriation	FY 1996 Comparable Appropriation	FY 1997 Current Appropriation	FY 1997 Comparable Appropriation	FY 1998 Request
Power Marketing Administrations:					
Alaska Power Administration					
Alaska power administration	4,245	4,245	4,000	4,000	1,000
Transition and termination	5,500	5,500	—	—	—
Total, Alaska Power Administration	9,745	9,745	4,000	4,000	1,000
Southeastern power administration	29,851	29,851	27,445	27,445	16,222
Southwestern power administration	30,702	30,702	27,804	27,804	26,500
Western Area Power Administration					
Western area power administration	275,939	276,282	248,691	248,691	229,964
Transfer of current authority from DOI	4,556	4,556	3,774	3,774	—
Total, Western Area Power Administration	280,495	280,838	252,465	252,465	229,964
Falcon & Amistad Operating & Maintenance Fund	1,000	1,000	970	970	1,065
Colorado River Basin Power Marketing Fund					
Spending authority from offsetting collections	123,276	123,276	120,431	120,431	124,786
Offsetting collections	-123,276	-123,276	-130,431	-130,431	-140,884
Total, Colorado River Basin	—	—	-10,000	-10,000	-16,098
Subtotal, Power Marketing Administrations:	351,793	352,136	302,684	302,684	258,653
Use of prior year balances	-35,210	-35,210	-68,789	-68,789	-21,630
Total, Power Marketing Administrations	316,583	316,926	233,895	233,895	237,023
Bonneville Power Administration (non-add)					
Budget authority	(-194,000)	(-194,000)	(-14,000)	(-14,000)	(-41,000)
Capital obligations	(161,000)	(161,000)	(277,000)	(277,000)	(253,000)

DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST
OPERATION AND MAINTENANCE, SOUTHEASTERN POWER ADMINISTRATION

PROPOSED APPROPRIATION LANGUAGE

For necessary expenses of operation and maintenance of power transmission facilities and of marketing electric power and energy pursuant to the provisions of section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the southeastern power area, (\$16,359,000) \$16,222,000, to remain available until expended; in addition, notwithstanding the provisions of 31 U.S.C. 3302, not to exceed \$20,000,000, in reimbursements for transmission wheeling, and ancillary services, to remain available until expended.

**DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST
SOUTHEASTERN POWER ADMINISTRATION**

EXECUTIVE BUDGET SUMMARY

Mission

The mission of Southeastern is to market the electric power and energy generated by the Southeastern Federal reservoir projects and to encourage widespread use of the power at the lowest possible cost to consumers in the most business-like manner.

The Southeastern Power Administration markets power produced at 23 Corps of Engineers-constructed projects, to customers in 11 southeastern states giving preference in the sale of power to public bodies and cooperatives in accordance with the Flood Control Act of 1944.

Southeastern does not own or operate any transmission facilities. In the absence of transmission facilities of its own, Southeastern carries out its marketing program by utilizing the existing transmission systems of the power utilities in the area. This is accomplished through "wheeling" arrangements between Southeastern and each of the area utilities with transmission lines connected to the projects, under which the utility agrees to deliver specified amounts of Federal power to customers of the Government, and Southeastern agrees to compensate the utility for the wheeling services performed.

The GOALS of the Southeastern Power Administration are to:

1. Encourage widespread use of available Federal power giving preference in the sale of power to public bodies and cooperatives.
2. Make the power available at the lowest possible rates to consumers consistent with sound business principles while repaying the Federal investment in a timely manner.
3. Operate projects as an integrated system to provide maximum power contribution in meeting area power requirements.
4. Utilize existing area transmission facilities to accomplish transmission of power to customers.

The OBJECTIVES related to these goals are:

1. Actively participate in electrical industry policy formulation. Demonstrate a willingness to change policy, contracts, and operating procedures to be more responsive to our customers.
2. Accomplish timely repayment and collections for power delivered to customers. Work with customers and Corps of Engineers on cost monitoring and work toward cost containment.
3. Formulate power rates to recover all costs of producing and transmitting power, including amortization of capital investment allocated to power, over a 50-year period and replacements over the service lives which are less than 50 years.
4. Continue to administer approximately 300 contracts which benefit more than 500 customers in a fair and effective manner that carries out the intent of contract provisions. This objective includes power delivery, contract service, billing and collection functions and daily coordination of reservoir operations to maximize power output and meet firm power commitments.
5. Southeastern's Integrated Resource Plan seeks to help customers find new ways to accomplish the goals of the Integrated Resource Plan, with emphasis on strategies that take advantage of market forces and lead to less intervention in markets.
6. Work with the Corps of Engineers and preference customers to ensure the rehabilitation and upgrade of existing and new projects, and operation and maintenance expenses.

Strategy

Southeastern continues to take the lead in fostering communications with our customers through two previously established partnerships - the Southeastern Federal Power Alliance and Team Cumberland.

In July 1991, the Southeastern Federal Power Alliance was formed between Southeastern, the South Atlantic Division of the U. S. Army Corps of Engineers, and preference customers in the Georgia-Alabama-South Carolina System. Officials representing these three groups met to create a vision and develop a strategy that would foster open communication and trust. The Alliance chose the theme "Partners Advancing Clean Reliable Hydropower" to represent their efforts.

Team Cumberland was formed in February 1992. This new partnership consists of representatives of Southeastern, the Ohio River Division of the Corps of Engineers, and customers in the Cumberland System. "Partners Advancing Responsible Hydropower" was the theme chosen to represent Team Cumberland's vision.

Major Changes

Southeastern continues to revise its Strategic Plan. The plan outlines the goals and objectives Southeastern anticipates implementing during the next five years.

Southeastern expanded its capability to schedule the hourly generation of the hydroelectric projects in Southeastern's marketing area.

Southeastern supported and began fulfilling requirements for streamlining set forth in the Vice President's National Performance Review. Following the Department's goals and objectives for this process and implementing our total quality skills, a new organizational structure was established in 1994.

Southeastern's total quality process began in 1991 with associates receiving extensive training to become familiar with team building and process improvement techniques. Southeastern's efforts in Total Quality Management has lead us in improved customer service.

The Integrated Resource Plan program has begun to focus on the goals that have evolved over the past couple of years as well as new initiatives. Federal Energy Regulatory Commission Rule 888 has given preference customers new challenges and opportunities. In cooperation with preference customers, state associations and Federal entities, Southeastern has sponsored several workshops to help our customers address issues surrounding the implementation of energy efficient programs in a competitive market.

The Federal Energy Regulatory Commission (FERC) has opened up the power transmission field. Although this has encouraged competition, it has made negotiating transmission contracts more difficult. Companies providing transmission are required to unbundle services thereby increasing the issues which have to be negotiated, and are examining every provision in the contracts to determine what precedents it will set in their dealings with other transmission customers. They also tend to delay negotiations pending FERC final decisions and appeals of various aspects of FERC's proposed orders and regulations.

For FY 1998, Southeastern will utilize reimbursements of up to \$20,000,000 whereby the preference customers pay for customer transmission and ancillary services. Reimbursements will be required only in FY 1998. Subsequently, Southeastern will modify the existing Power Marketing policy to allow customers to directly pay transmission costs and ancillary services to transmission service suppliers. This policy change will eliminate the need for using reimbursements in the future.

Starting in FY 1998, the Southeastern Power Administration will set rates, consistent with current law, to begin to recover the full cost of the Civil Service Retirement System and Post-Retirement Health Benefits for its employees that have not been recovered in the past. The estimated increase in receipts to the Treasury is \$3 million annually.

**SOUTHEASTERN POWER ADMINISTRATION
ALTERNATIVE FINANCING
(In Thousands)**

<u>1996</u>	<u>Transmission</u>	<u>+ Purchase Power</u>	<u>- Reimbursements</u>	<u>- Net Bill</u>	<u>= Appropriated Funds</u>
Jim Woodruff System		800		200	600
Kerr-Philpott System	4,096				4,096
GA-AL-SC System	14,970	9,060		3,440	20,590
Cumberland System	<u>8,093</u>			<u>7,000</u>	<u>1,093</u>
TOTAL:	<u>\$27,159</u>	<u>\$9,860</u>	<u>\$0</u>	<u>\$10,640</u>	<u>\$26,379</u>
<u>1997</u>					
Jim Woodruff System		800		200	600
Kerr-Philpott System	3,892				3,892
GA-AL-SC System	16,183	6,000		3,406	18,777
Cumberland System	<u>7,187</u>			<u>7,000</u>	<u>187</u>
TOTAL:	<u>\$27,262</u>	<u>\$6,800</u>	<u>\$0</u>	<u>\$10,606</u>	<u>\$23,456</u>
<u>1998</u>					
Jim Woodruff System		800		200	600
Kerr-Philpott System	4,159				4,159
GA-AL-SC System	21,203	10,300	20,000	4,553	6,950
Cumberland System	<u>7,200</u>			<u>7,000</u>	<u>200</u>
TOTAL:	<u>\$32,562</u>	<u>\$11,100</u>	<u>\$20,000</u>	<u>\$11,753</u>	<u>\$11,909</u>

SOUTHEASTERN POWER ADMINISTRATION
OBLIGATION ESTIMATES
(Purchase Power and Wheeling)
(In Thousands)

	FY 1996	FY 1997	FY 1998
TRANSMISSION:	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Virginia	2,560	2,560	2,738
CP&L	1,368	1,146	1,226
Appalachian	373	373	395
Southern Company		5,282	7,814
Georgia	172		
Alabama	5,065		
Mississippi	1,140		
Gulf	163		
Duke	2,658	2,775	3,962
SCE&G	342	320	474
KU	888		
Oglethorpe	1,990		
Southern Co. increase		4,400	4,400
AEC	1,405	1,371	1,635
SCPSA	2,035	2,035	2,918
TVA	7,000	7,000	7,000
Transmission Subtotal:	27,159	27,262	32,562
Reimbursements			-20,000
Less Net Billing	-10,440	-10,406	-11,553
Transmission Total:	16,719	16,856	1,009
PURCHASE POWER:			
Florida	800	800	800
Various other companies	9,060	6,000	10,300
Purchase Power Subtotal:	9,860	6,800	11,100
Less Net Billing:	-200	-200	-200
Purchase Power Total:	9,660	6,600	10,900
TOTAL-PP/W:	26,379	23,456	11,909
APPROPRIATED FUNDS:	<u>\$26,379</u>	<u>\$23,456</u>	<u>\$11,909</u>

Site Funding and Federal Staffing Profiles

PROGRAM ACTIVITY	FY 1996	FY 1997	FY 1998
Southeastern Power Administration	\$29,851	\$27,445	\$16,222

DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST
SOUTHEASTERN POWER ADMINISTRATION
(Tabular dollars in thousands, Narrative in whole dollars)

SOUTHEASTERN POWER ADMINISTRATION

PROGRAM MISSION

The Southeastern Power Administration markets power produced at 23 Corps of Engineers-constructed projects, to customers in 11 southeastern states giving preference in the sale of power to public bodies and cooperatives in accordance with the Flood Control Act of 1944.

Southeastern markets hydroelectric power in the states of West Virginia, Virginia, North and South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Illinois and Kentucky.

Southeastern does not own or operate any transmission facilities. In the absence of transmission facilities of its own, Southeastern carries out its marketing program by utilizing the existing transmission systems of the power utilities in the area. This is accomplished through "wheeling" arrangements between Southeastern and each of the area utilities with transmission lines connected to the projects, under which the utility agrees to deliver specified amounts of Federal power to customers of the Government, and Southeastern agrees to compensate the utility for the wheeling services performed.

The GOALS of the Southeastern Power Administration are to:

1. Encourage widespread use of available Federal power giving preference in the sale of power to public bodies and cooperatives.
2. Make the power available at the lowest possible rates to consumers consistent with sound business principles while repaying the Federal investment in a timely manner.
3. Operate projects as an integrated system to provide maximum power contribution in meeting area power requirements.
4. Utilize existing area transmission facilities to accomplish transmission of power to customers.

The OBJECTIVES related to these goals are:

1. Actively participate in electrical industry policy formulation. Demonstrate a willingness to change policy, contracts, and operating procedures to be more responsive to our customers.
2. Accomplish timely repayment and collections for power delivered to customers. Work with customers and Corps of Engineers on cost monitoring and work toward cost containment.
3. Formulate power rates to recover all costs of producing and transmitting power, including amortization of capital investment allocated to power, over a 50-year period and replacements over the service lives which are less than 50 years.
4. Continue to administer approximately 300 contracts which benefit more than 500 customers in a fair and effective manner that carries out the intent of contract provisions. This objective includes power delivery, contract service, billing and collection functions and daily coordination of reservoir operations to maximize power output and meet firm power commitments.
5. Southeastern's Integrated Resource Planning program provides direction to customers by introducing them to economically efficient resource planning options.
6. Work with the Corps of Engineers and preference customers to ensure the rehabilitation and upgrade of existing and new projects, and operation and maintenance expenses.

PERFORMANCE MEASURES:

Performance measures related to Southeastern Power Administration are based on outputs and outcomes. These outputs are aimed at achieving specific outcomes including establish rates sufficient to make full and timely payment to the U. S. Treasury, and develop and achieve the operation of a reliable, low-cost, generation system which facilitates competitive and efficient wholesale power supplies. This data is compared with past data to insure Southeastern outputs and outcomes are appropriate. Outputs include:

1. Give preference in the sale of power to public bodies and cooperatives:
 - Percent of power sold is estimated to be 99% or more.
2. Repayment of the Federal investment:
 - Percent variance of actual from planned principal payments to Federal investment is estimated to be zero (0).
 - Increase in average power costs is expected to be less than the increase in the Consumer Price Index.
3. Provide maximum power contributions in meeting area power requirements:
 - Percent of full-time capacity commitments is estimated to be 92 percent.
4. Utilization of area transmission facilities:
 - Increase in the transmission costs is expected to be less than the increase in the Consumer Price Index.

SIGNIFICANT ACCOMPLISHMENTS AND PROGRAM SHIFTS:

- Southeastern continues to take the lead in fostering communications with our customers through two previously established partnerships - the Southeastern Federal Power Alliance and Team Cumberland. The Southeastern Federal Power Alliance provides suggestions which help enable the operations center identify changing customers needs. Both partnerships meet periodically to exchange information and promote their visions.
- Southeastern expanded its capability to schedule the hourly generation of the hydroelectric projects in Southeastern's marketing area.
- Southeastern continues to support requirements for streamlining set forth in the Vice President's National Performance Review.
- Southeastern's efforts in Total Quality Management continues to lead us in improved customer service.
- Southeastern's Integrated Resource Planning program led the nation in providing education and training opportunities to preference customers through the Advancement of the Integrated Resource Planning in Public Power Program. Southeastern has also maintained close contact with Generation and Transmission Cooperatives and Joint Action Agencies to assess the need and scope of new training initiatives.
- Southeastern continues to revise its Strategic Plan. The plan outlines the goals and objectives Southeastern anticipates implementing during the next five years.

- A new contract with The Southern Company went into effect October 1, 1996. The increase in expenses is modest and can be covered by alternative financing arrangements.
- For FY 1998, Southeastern will utilize reimbursements of up to \$20,000,000 whereby the preference customers pay for customer transmission and ancillary services. Reimbursements will be required only in FY 1998. Subsequently, Southeastern will modify the existing Power Marketing policy to allow customers to directly pay transmission costs and ancillary services to transmission service suppliers. This policy change will eliminate the need for using reimbursements in the future.
- In FY 1996, Southeastern marketed approximately 8,000 GWH of clean renewable hydroelectric energy for \$164,455,717 in revenues providing total proprietary receipts of \$154,323,034. Southeastern anticipates receipts of \$168,245,000 for FY 1997, and \$188,015,000 for FY 1998.
- Starting in FY 1998, the Southeastern Power Administration will set rates, consistent with current law, to begin to recover the full cost of the Civil Service Retirement System and Post-Retirement Health Benefits for its employees that have not been recovered in the past. The estimated increase in receipts to the Treasury is \$3 million annually.

**SOUTHEASTERN POWER ADMINISTRATION
FY 1998 CONGRESSIONAL BUDGET REQUEST
PROGRAM FUNDING PROFILE
(In Thousands)**

<u>Sub-Program</u>	<u>FY 1996 Current Appropriation</u>	<u>FY 1997 Original Appropriation</u>	<u>FY 1997 Adjustment</u>	<u>FY 1997 Current Appropriation</u>	<u>FY 1998 Request</u>
Operation & Maintenance	\$3,472 <u>a/</u>	\$0	\$0	\$0	\$0
Program Direction	0	3,989	0	3,989	4,313
Purchase Power & Wheeling Operation Expenses <u>b/</u> & <u>d/</u>	26,379	23,456	0	23,456	11,909
Subtotal, Southeastern Power Admin.	\$29,851	\$27,445	\$0	\$27,445	\$16,222
<u>c/</u> Adjustment	-10,059	-11,086	0	-11,086	0
TOTAL:	\$19,792	\$16,359	\$0	\$16,359	\$16,222

a/ Operation & Maintenance and Program Direction are same activity.

b/ FY 1996: Purchase Power \$ 9,660; Wheeling \$16,719.

FY 1997: Purchase Power \$ 6,600; Wheeling \$16,856.

FY 1998: Purchase Power \$10,900; Wheeling \$ 1,009.

c/ Use of prior years balances.

d/ Purchase Power and Wheeling Program for FY 1998 is \$31.909 million using appropriations of \$11.909 million and reimbursements of \$20 million.

Public Law Authorizations:

Pub. Law 78-534, Flood Control Act of 1944

Pub. Law 95-91, DOE Organization Act of 1977, Section 302

Pub. Law 102-485, Energy Policy Act of 1992

**SOUTHEASTERN POWER ADMINISTRATION
FY 1998 CONGRESSIONAL BUDGET REQUEST
PROGRAM FUNDING BY SITE
(In Thousands)**

<u>Laboratory/Plant/Installation</u>	FY 1996 Current <u>Appropriation</u>	FY 1997 Original <u>Appropriation</u>	FY 1997 <u>Adjustments</u>	FY 1997 Current <u>Appropriation</u>	FY 1998 <u>Request</u>
All Other	\$29,851	\$27,445		\$27,445	\$16,222
Subtotal:	\$29,851	\$27,445	0	\$27,445	\$16,222
a/ Adjustment	-10,059	-11,086	0	-11,086	-0
b/	\$19,792	\$16,359	\$0	\$16,359	\$16,222

a/ Use of prior years balances.

b/ Total Program for FY 1998 is \$36.222 million using appropriations of \$16.222 million and reimbursements for transmission and ancillary services totaling \$20 million.

DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST
SOUTHEASTERN POWER ADMINISTRATION
(Tabular dollars in thousands, Narrative in whole dollars)

PROGRAM DIRECTION

I. Mission Supporting Goals/Ongoing Responsibilities:

Program direction provides for: (1) scheduling the generation of power and supervision of power deliveries, (2) negotiation and administration of contracts for the sale of power and energy and establishment of rates to assure repayment of power costs, (3) general administration and support of Southeastern's power marketing program, and (4) Integrated Resources Planning program. We coordinate and cooperate with our partners to operate projects in a manner that enhances the value and reliability of hydropower. Priority is given to integrating environmental concerns and determinations into program actions. Emerging energy efficiency technologies are integrated with marketing strategies and programs.

Southeastern's FTE activities and percentages are provided as follows:

- 10% The Office of the Administrator is responsible for marketing hydroelectric power and energy and includes the office of Legal Affairs.
- 30% The Finance and Marketing Division negotiates, prepares and administers contracts for the sale, purchase/interchange, and wheeling of power, formulates rates to meet repayment requirements, is responsible for budget, accounting and financial management activities, customer service, and the Integrated Resource Planning program.
- 28% The Human Resource and Administration Division plans, develops, coordinates and administers administrative and management activities of Southeastern. It includes activities to support mission accomplishment, ADP services, Public Information program, procurement, personnel, and supply.
- 32% The Power Resources Division studies power production to determine the amounts of available power and energy and studies methods of coordinating operation of present and proposed generating plants to obtain maximum utilization of water and power resources. This division schedules storage and release of water controlled by Southeastern and administers contractual operation requirements and performs billing operations for power sold by Southeastern.

As of September 30, 1995, the projects represent a cumulative Federal investment, including replacements, of \$1,487,116,241. Through FY 1995, \$501,126,856 has been repaid in addition to \$859,296,175 in interest. In FY 1996, Southeastern marketed approximately 8,000 GWH of clean renewable hydroelectric energy for \$164,455,717 in revenues providing total proprietary receipts of \$154,323,034. Southeastern anticipates receipts of \$168,245,000 for FY 1997 and \$188,015,000 for FY 1998.

Program direction has been grouped into three categories:

Salaries and Benefits provides for funding a staffing level of 40 full-time equivalents for Southeastern, plus one FTE vouchered from Western Area Power Administration until FY 2000. This includes regular salary, overtime pay, annual and sick leave, and personnel benefit additives.

Travel provides for funding the transportation of Government employees, their per diem allowances and other incidental expenses related to travel for official business. It consists of travel away from official stations and local travel and transportation of persons. Various travel includes site visits, information meetings, training, speech/presentations, conferences, relocation moves, etc.

Other Related Expenses costs of space rental, communications, utilities and miscellaneous charges, printing, training, tuition, financial audit of Southeastern Federal Power Program (SEFPP), operation and maintenance of equipment, contract services in support of the administrative functions of the office, supplies and materials, and equipment.

II. Funding Table:

	FY 1996 Current <u>Appropriation</u>	FY 1997 Original <u>Appropriation</u>	FY 1997 <u>Adjustments</u>	FY 1997 Current <u>Appropriation</u>	FY 1998 Budget <u>Request</u>
Salary and Benefits	\$0	\$2,562		\$2,562	\$2,669
Travel	0	195		195	200
Other Related Expenses	0	1,232		1,232	1,444
TOTAL: **	\$0	\$3,989	0	\$3,989	\$4,313
Full Time Equivalents	0	*41	*41	*41	*41
Adjustment					
Budget Authority	\$0	\$3,989	\$0	\$3,989	\$4,313

* Include one FTE vouchered from Western Area Power Administration until FY 2000.

** This increase is explained in Part IV of this Section.

III. Performance Summary - Accomplishments:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
Continue negotiation, preparation, execution, and administration of all contracts for the disposition of electric power and to insure and maintain continuity of electric service to customers.	0	370	388
Continue the purchase and scheduling of pumping energy, coordination between the providers of the pumping energy and the project and accounting of all transactions relative to pumping operations of the Carters Project. Continue control area services for the three Savannah River Projects-Hartwell, Russell and Thurmond. Purchase of firm capacity and energy to meet contractual commitments during periods of system capacity shortages, coordinate power operations of 23 operations projects with all parties making determinations of capacity and energy availability weekly, and monitor testing of pump-back units at the Richard B. Russell Project until the units are declared commercially operable.	0	1,305	1,400
Maintain power billing, collection, and payment functions for approximately 300 contracts which benefits more than 500 preference customers. Perform budget, accounting and financial management activities for the office.	0	975	1,150
Continue Southeastern's Integrated Resource Plan program and provide energy efficiency training for many of its preference customers.	0	225	225
Perform continuing review of actual project operations and prepare repayment analyses of each system to determine rates, and issue a formal rate presentation as needed.	0	80	80
Provide administrative support for the office.	0	1,034	1,070
	<u>\$0</u>	<u>\$3,989</u>	<u>\$4,313</u>

IV. Explanation of Funding Changes FY 97 to FY 98:

The increase of \$107,000 is needed in Salaries and Benefits as a result of the cost of living raise. An additional \$5,000 is needed for travel costs. The remainder of the increase, \$212,000, is for the purchase and upgrade of ADP computer equipment and software, high-speed data lines and communication interfaces linking Southeastern and the Corps of Engineers projects, annual recurring costs for computer software for a national utility information network, and general inflation increases.

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1998/FY 1997</u>
	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>	<u>Change</u>
Other Related Expenses				<u>(\$000)</u>
Audit of Financial Statements	0	95	95	0
Communications	0	174	236	62
Rental Space	0	111	111	0
Maintenance Agreements	0	90	84	-6
Tuition	0	35	50	15
Integrated Resource Planning Program	0	180	175	-5
Supplies & Materials	0	170	168	-2
Contract Services	0	245	296	51
ADP Equipment & Software	0	132	229	97
Total Obligational Authority	<u>\$0</u>	<u>\$1,232</u>	<u>\$1,444</u>	<u>\$212</u>

DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST
SOUTHEASTERN POWER ADMINISTRATION
(Tabular dollars in thousands, Narrative in whole dollars)

OPERATION AND MAINTENANCE

I. Mission Supporting Goals/Ongoing Responsibilities:

Operation and Maintenance Program provides for: (1) scheduling the generation of power and supervision of power deliveries, (2) negotiation and administration of contracts for the sale of power and energy and establishment of rates to assure repayment of power costs, (3) general administration and support of Southeastern's power marketing program, and (4) Integrated Resources Planning program. We coordinate and cooperate with our partners to operate projects in a manner that enhances the value and reliability of hydropower. Priority is given to integrating environmental concerns and determinations into program actions. Emerging energy efficiency technologies are integrated with marketing strategies and programs.

Southeastern's FTE activities and percentages are provided as follows:

- 10% The Office of the Administrator is responsible for marketing hydroelectric power and energy and includes the office of Legal Affairs.
- 30% The Finance and Marketing Division negotiates, prepares and administers contracts for the sale, purchase/interchange, and wheeling of power, formulates rates to meet repayment requirements, is responsible for budget, accounting and financial management activities, customer service, and the Integrated Resource Planning program.
- 28% The Human Resource and Administration Division plans, develops, coordinates and administers administrative and management activities of Southeastern. It includes activities to support mission accomplishment, ADP services, Public Information program, procurement, personnel, and supply.
- 32% The Power Resources Division studies power production to determine the amounts of available power and energy and studies methods of coordinating operation of present and proposed generating plants to obtain maximum utilization of water and power resources. This division schedules storage and release of water controlled by Southeastern and administers contractual operation requirements and performs billing operations for power sold by Southeastern.

As of September 30, 1995, the projects represent a cumulative Federal investment, including replacements, of \$1,487,116,241. Through FY 1995, \$501,126,856 has been repaid in addition to \$859,296,175 in interest. In FY 1996, Southeastern marketed approximately 8,000 GWH of clean renewable hydroelectric energy for \$164,455,717 in revenues providing total proprietary receipts of \$154,323,034. Southeastern anticipates receipts of \$168,245,000 for FY 1997 and \$188,015,000 for FY 1998.

Operation and Maintenance Program has been grouped into three categories:

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Salary and Benefits	\$2,458	\$0		\$0	\$0
Travel	246	0		0	
Other Related Expenses	768	0		0	
TOTAL: **	\$3,472	\$0	0	\$0	\$0
Full Time Equivalents	41	0	0	0	0
Adjustment					
Budget Authority	\$3,472	\$0	\$0	\$0	\$0

* Include one FTE vouchered from Western Area Power Administration until FY 2000.

** This increase is explained in Part IV of this Section.

III. Performance Summary - Accomplishments:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
Continue negotiation, preparation, execution, and administration of all contracts for the disposition of electric power and to insure and maintain continuity of electric service to customers.	347	0	0
Continue the purchase and scheduling of pumping energy, coordination between the providers of the pumping energy and the project and accounting of all transactions relative to pumping operations of the Carters Project. Continue control area services for the three Savannah River Projects-Hartwell, Russell and Thurmond. Purchase of firm capacity and energy to meet contractual commitments during periods of system capacity shortages, coordinate power operations of 23 operations projects with all parties making determinations of capacity and energy availability weekly, and monitor testing of pump-back units at the Richard B. Russell Project until the units are declared commercially operable.	1,090	0	0
Maintain power billing, collection, and payment functions for approximately 300 contracts which benefits more than 500 preference customers. Perform budget, accounting and financial management activities for the office.	900	0	0
Continue Southeastern's Integrated Resource Plan program and provide energy efficiency training for many of its preference customers.	80	0	0
Perform continuing review of actual project operations and prepare repayment analyses of each system to determine rates, and issue a formal rate presentation as needed.	80	0	0
Provide administrative support for the office.	975	0	0
	<u>\$3,472</u>	<u>\$0</u>	<u>\$0</u>

IV. Explanation of Funding Changes FY 97 to FY 98:

Operation and Maintenance Program has been changed to Program Direction beginning in FY 1997. All funding explanations are explained in Program Direction.

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1998/FY 1997</u>
	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>	<u>Change</u>
Other Related Expenses				<u>(\$000)</u>
Audit of Financial Statements	91	0	0	0
Communications	179	0	0	0
Rental Space	105	0	0	0
Maintenance Agreements	44	0	0	0
Tuition	30	0	0	0
Integrated Resource Planning Program	50	0	0	0
Supplies & Materials	87	0	0	0
Contract Services	136	0	0	0
ADP Equipment & Software	46	0	0	0
Total Obligational Authority	\$768	\$0	\$0	\$0

DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST
SOUTHEASTERN POWER ADMINISTRATION
(Tabular dollars in thousands, Narrative in whole dollars)

PURCHASE POWER AND WHEELING

I. Mission Supporting Goals/Ongoing Responsibilities:

For FY 1998, this activity provides for the payment of amounts charged the Government under contractual arrangements for: (1) delivery of power over non-Federal systems to load centers of preference customers for the account of the Government, (2) purchase of energy to firm up Federally generated power during adverse water periods, and (3) support capacity required to meet commitments for the Jim Woodruff project under adverse water conditions. Priority is given to meeting contractual commitments and being the lead in arranging transmission of power and assisting others in planning and constructing facilities where necessary.

II. Funding Schedule:

PROGRAM ACTIVITY	FY 1996	FY 1997	FY 1998	\$ CHANGE	% CHANGE
Purchase Power and Wheeling	\$26,379	\$23,456	\$11,909	\$-11,547	-49.0

III. Performance Summary - Accomplishments:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
Provide support to the Jim Woodruff Project under adverse water conditions through purchases of energy necessary to provide support capacity.	600	600	600
Purchases of Energy to pump water into the Carters Project for later release.	5,000	5,000	5,000
Payment of transmission service charges for delivery of power over non-Federal Systems.	16,719	16,856	21,009
Reimbursements	0	0	-20,000
Provide for environmental teting for the Richard B. Russell Project to test the pump back units.	4,060	1,000	0
Purchase of energy to pump water into the Richard B. Russell Project, planned for commercial availability in late FY97.	0	0	5,300
	<u>26,379</u>	<u>23,456</u>	<u>11,909</u>

Explanation of Funding Changes FY 1997 to FY 1998:

1. New contracts in the Georgia-Alabama-South Carolina System will increase the transmission costs and will include costs for ancillary services.
2. The pumping units at the Russell Project are projected to be commercially available late in FY97.
3. Southeastern anticipates no carry-over funds at the end of FY 1997.

In FY 1998, Southeastern will use up to \$20,000,000 in reimbursements to provide for transmission and ancillary services.

Breakdown of total needs:

Transmission	\$28,162	
Southern Company ancillary charges	4,400	
Less Reimbursements <u>1/</u>	<u>-20,000</u>	
Sub-total:		\$12,562
Purchase Power	11,100	
Sub-total Transmission & Purchase Power:		\$23,662
Less Net Billing	-11,753	
Total Appropriated Funds		<u>\$11,909</u>

1/ Reimbursements: Using reimbursements, preference customers would pay funds up-front for transmission and ancillary services.

**DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST
SYSTEM STATISTICS**

Southeastern Power Administration

	FY 1996 <u>Estimate</u>		FY 1997 <u>Estimate</u>		FY 1998 <u>Estimate</u>
Generating Capacity:					
Installed Capacity (KW)	3,092,675		3,092,675	<u>3/</u>	3,392,675
Peak Capacity (KW)	3,390,000	<u>1/</u>	3,390,000		3,690,000
Generating Stations:					
Generating Projects (No.)	23		23		23
Available energy:					
Energy from Streamflow	7,700,000		7,700,000		7,700,000
Energy from Pumping	131,000		360,000		580,000
Energy Purchased (MWH)	75,000		75,000		75,000
Energy Available for Marketing (MWH)	9,090,000	<u>2/</u>	8,135,000	<u>2/</u>	8,355,000 <u>2/</u>

1/ Contracted capacity included reserves and losses.

2/ Gross amount; transmission losses of approximately 250,000 mwh must be deducted from this quantity to get net energy marketed to customers.

3/ If four pump-generators go into commercial operation in late FY 1997, the installed capacity would be increased by 300,000.

DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST
POWER MARKETED, WHEELED, OR EXCHANGED BY PROJECT

Southeastern Power Administration

<u>Project</u>	<u>State</u>	<u>Plants</u>	<u>Installed Capacity(KW)</u>		<u>FY 1996 Estimated Power (GWH)</u>	<u>FY 1997 Estimated Power (GWH)</u>	<u>FY 1998 Estimated Power (GWH)</u>
John H. Kerr	VA-	1	204,000				
Philpott	VA	1	14,000		475*	475*	475*
Allatoona	GA	1	74,000)			
Buford	GA	1	86,000)			
Carters	GA	1	500,000)			
J. Strom Thurmond	GA-	1	280,000)			
Walter F. George	GA-	1	130,000)	3,810*	3,835*	3,835*
Hartwell	GA-	1	344,000)			
R. F. Henry	AL	1	68,000)			
Millers Ferry	AL	1	75,000)			
West Point	GA-	1	73,375)			
Richard B. Russell	GA-	1	<u>a/</u> 300,000)			
Jim Woodruff	FL-	1	30,000		230	230	230
Barkley	KY	1	130,000	}			
Center Hill	TN	1	135,000	}			
Cheatham	TN	1	36,000	}			
Cordell Hull	TN	1	100,000	}	3,260*	3,260*	3,260*
Dale Hollow	TN	1	54,000	}			
Old Hickory	TN	1	100,000	}			
J. Percy Priest	TN	1	28,000	}			
Wolf Creek	TN	1	270,000	}			
Laurel	TN	1	61,000	}			
Stonewall Jackson	WV	1	300		1	1	1
Total Power Marketed:		23	3,092,675		7,776	7,801	7,801

*Projects are integrated hydraulically, electrically, and financially for marketing purposes.

a/ Four pump-generators are scheduled to go into commercial operation in FY 1997, to give a total installed capacity of 600,000 KW.

**DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST**

PENDING LITIGATION

SOUTHEASTERN POWER ADMINISTRATION

In Central Electric Power Cooperative, Inc., et al. vs. Southeastern Power Administration, et al., No. 3-91-2449-0 (D.C.S.C.; filed August 15, 1991), six customers in South Carolina filed suit against Southeastern in U.S. District Court requesting the court to declare illegal Southeastern's energy surcharge contained in its 1990 approved rates for the Georgia-Alabama-South Carolina System, as applied to these customers. These six customers (five cooperatives and South Carolina Public Service Authority) had declined to participate in a voluntary short-term rate increase during 1989, while 168 other customers in the system participated in the voluntary rate increase earlier than allowed by their contracts. The short-term rate change was required to offset the effects of extensive droughts in the southeast and escalating Corps of Engineers operation and maintenance costs. The energy surcharge contained in those rates was to collect the portion of the costs not recovered from these six customers, and the costs were fully collected by September 1993. The parties have filed Motions for Summary Judgment which were argued in October 1992, and a ruling by the District Court is expected at any time.

DEPARTMENT OF ENERGY
FY 1998 CONGRESSIONAL BUDGET REQUEST
POWER MARKETING ADMINISTRATION

REVENUES AND RECEIPTS
(Dollars in Thousands)

Southeastern Power Administration	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>		<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Gross Revenues:								
Sale & transmission of electric energy	164,456	178,851	199,568	<u>2/</u>	198,585	198,942	199,328	199,357
Less net billing amount credited as an offsetting receipt	- 9,759	-10,606	-11,553		-11,871	-12,213	-12,577	-12,577
Total Proprietary Receipts	\$154,323	\$168,245	\$188,015		\$186,714	\$186,729	\$186,751	\$186,780
Percent of sales to preference customers <u>1/</u>	99%	99%	99%		99%	99%	99%	99%
Energy sales and Power Marketed (in billions of kilowatt hours)	7.8	7.8	7.8		7.8	7.8	7.8	7.8

1/ Includes TVA

2/ Gross revenues net of reimbursements beginning in FY 1998